

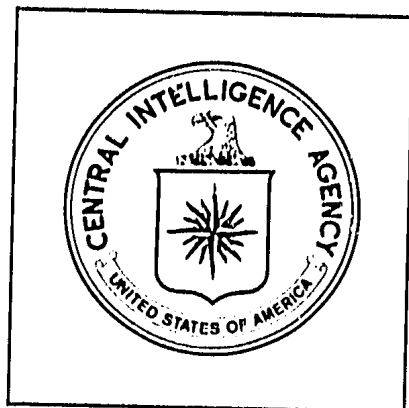
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STAFF NOTES:

Soviet Union Eastern Europe

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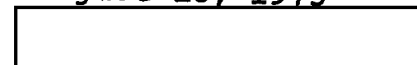


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SOVIET UNION - EASTERN EUROPE

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CEMA Meeting Planned for Fall

A special CEMA summit meeting is apparently being planned for this fall. Neither the exact timing nor the site has been settled on, but if the last CEMA summit in 1969 serves as a precedent, the participants will include both heads of government and party chiefs.

According to the Romanian foreign minister, the summit was agreed to in principle two years ago, and the regular CEMA session in Budapest last June was a dress rehearsal for the fall meeting. Speculation on the summit agenda has been wide-ranging, but the topics most frequently mentioned are measures to promote closer Soviet - East European economic integration during the next five-year plan (1976-80), and the development of a joint approach to the next round of CEMA-EC discussions.

There were sharp differences on both topics at the CEMA session in June, with the Romanians being the most conspicuous in their opposition to Soviet efforts to promote closer integration. Since the Budapest meeting, the Soviets have given considerable publicity to a new agreement signed with East Germany outlining comprehensive economic coordination over the next five years. This was also the subject of Soviet Premier Kosygin's talks with Polish officials during his just concluded trip to Warsaw.

Other items that have been suggested for the summit agenda include revisions of pricing in intra-CEMA trade and the energy problem. These questions have been particularly acute since the unexpected hike in prices for Soviet oil and other goods delivered to Eastern Europe that was announced early

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this year and the more rigid quotas imposed by Moscow on oil deliveries.

The Soviets will also want the CEMA summit to endorse economic guidelines that will jibe with their own party theses being drawn up for next February's Soviet party congress.

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Albanian Envoy to Belgrade Fears Going Home

The witch hunt for Soviet sympathizers in Albanian party and government posts apparently continues unabated.

Dhimitar Lamani, the departing Albanian ambassador to Yugoslavia, has reportedly begged his colleagues in the diplomatic corps not to give him a farewell gift, because he fears the Soviet ambassador will contribute to the gift and that this fact will be used against him in Tirana.

Lamani, who allegedly is a close friend of party chief Hoxha, has been ambassador to Yugoslavia since 1971. He undoubtedly feels that his return to Tirana could not have come at a worse time. Lamani may fear that rumors of his pro-Soviet leanings during the early '60s will come back to haunt him.

Lamani confirmed that Hoxha is very ill and that Premier Shehu is already making plans for the succession. He implied that Shehu's efforts to assemble his own leadership team may be as much responsible for the current purge as the fears of a pro-Soviet fifth column that set off the purges last year.

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Poland Builds New Tractor
Industry with Western Technology

Poland's tractor and diesel engine industries are being radically reconstructed and modernized under a \$500-million technology deal with Massey-Ferguson-Perkins, Ltd., a UK subsidiary of Massey-Ferguson of Canada. Although most of the machinery purchases resulting from the deal will fall to firms in the UK, US companies could share business of up to \$150 million in sales of foundry equipment and high productivity machine tools.

As a result of the deal with Massey-Ferguson, Poland expects to almost double the output of tractors in five years--from nearly 60,000 units in 1975 to 100,000 units in 1980. In addition, Poland will manufacture, under license, about 90,000 Perkins diesel engines annually for tractors and other uses. Poland will also acquire a large foundry with an annual capacity of 100,000 tons of castings for the automotive and tractor industries.

By 1980, the production profile of the Polish tractor industry will change dramatically. The 35- and 55-horsepower wheeled tractors, which currently account for about 90 percent of production, will be phased out entirely. They will gradually be replaced by five new models in the 36- to 75-horsepower range that have been designed especially for Poland by Massey-Ferguson. The tractors will be equipped with Perkins diesel engines. Tractors produced under license will account for three fourths of Poland's production in 1980.

Poland, which already exports about 12,000 tractors annually, about one fourth of its production, hopes to increase exports with the Massey-Ferguson line.

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Future Polish experts could provide stiff competition for US firms, even in the US market. In 1974, Poland successfully marketed its outmoded line of tractors in several industrial countries; 500 were sold in the US, primarily because of their low price.

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